

Message Text

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72 (45)

ACTION COME-00

INFO OCT-01 AF-10 IO-12 ADP-00 EB-11 RSR-01 RSC-01 CIAE-00

INR-10 NSAE-00 TRSE-00 OMB-01 CIEP-02 STR-08 /057 W

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R 171224 Z APR 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 7914

INFO USMISSION GENEVA VIA POUCH

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

C O N F I D E N T I A L PRETORIA 1235

C O R R E C T E D C O P Y FOR ADDED INFO ADDEE USMISSION GENEVA
VIA POUCH

E. O. 11652: GDS

TAGS: BFOL, SF

SUBJ: REDUCED RAILWAY TARIFFS FOR EXPORT GOODS

REF: STATE 065362

CAPE TOWN ALSO FOR EMBASSY

FOR COMMERCE

SUMMARY: RAILROAD TARIFF FIGURES FOR FERROCHROME AND FERRO-
MANGANESE TRANSMITTED. SAG OFFICIAL EXPRESSED CONCERN ABOUT
POSSIBLE PROGRAM OF DIRECT GOVERNMENT FUNDING TO PERMIT RAILWAYS
TO OFFER REDUCED RATES FOR EXPORTS. END SUMMARY.

1. UNDER PRESENT SYSTEM, EXPORTER APPLIES TO SOUTH AFRICAN
RAILWAYS (SAR) FOR TARIFF CONCESSION TO MAINTAIN INTERNATIONAL
COMPETITIVE POSITION. SAR EVALUATES APPLICATION AND, IF APPRO-
PRIATE, PROVIDES SUCH RELIEF IN RATES AS ITS COST STRUCTURE
PERMITS. IF THIS REDUCTION INSUFFICIENT TO MAINTAIN COM-
PETITIVE POSITION, SAR SUBMITS APPLICATION ON BEHALF OF EXPORTER
TO DEPARTMENT OF COMMERCE WHICH CAN PROVIDE SUBSIDY TO SAR
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PERMITTING FURTHER REDUCTION IN RATES.

2. SAR OFFICIAL TOLD EMBOFF THAT COMPREHENSIVE BOOK OF TARIFF RATES CURRENTLY UNDER PREPARATION AND WOULD NOT BE AVAILABLE FOR TWO OR THREE MONTHS. (EMBASSY WILL OBTAIN AND POUCH WHEN AVAILABLE.) OFFICIAL DOUBTED THAT INFORMATION CONCERNING SAR APPLICATIONS TO DEPARTMENT OF COMMERCE WOULD BE MADE PUBLIC BUT SAID THAT " A GOOD NUMBER" OF APPLICATIONS HAD BEEN SENT FORWARD SINCE PROGRAM ANNOUNCED.

3. CURRENT PUBLISHED TARIFFS FOR FERROCHROME AND FERROMANGANESE ALLOYS TO BE EXPORTED IS 93 CENTS PER 100 KG FOR PRETORIA-DURBAN PLUS 19 CENTS EXTRA IF CARRIED FROM FACTORY TO RAILROAD. EMBASSY UNABLE TO DETERMINE WHETHER CITED RATE BENEFITS FROM EITHER CONCESSION DESCRIBED PARA ONE.

4. FYI: DEPARTMENT OF COMMERCE OFFICIAL CONFIRMED CONFIDENTIALITY DEPARTMENT OF COMMERCE CONCESSIONS REQUESTED AND/ OR GRANTED. ON PERSONAL BASIS, HE SAID GATT LEGALITY OF PROGRAM PERHAPS QUESTIONABLE AND THAT QUESTION WOULD BE WHETHER THERE WAS ACTUAL TRANSFER OF FUNDS FROM COMMERCE TO SAR TO SUPPORT REDUCED RATES. END FYI.

5. BY WAY OF BACKGROUND, NEW PROGRAM BASED ON RECOMMENDATION OF REYNOLDERS COMMISSION REPORT, VOLUM II, PAGE 511. DISCUSSION OF THIS RECOMMENDATION GIVES FOLLOWING 1970/71 FIGURES WHICH MAY BE OF INTEREST: (IN MILLION RAND)

AMOUNT OF RATE REDUCTION

MINERALS AND ORES	4.09
ALLOYS AND BASE METALS	4.86

LOSS OF EXPORT TRAFFIC

MINERALS AND ORES	MINUS 4.58
ALLOYS AND BASE METALS	PLUS 4.29 (I. E. PROFIT)

(MINERALS AND ORES DESCRIBED AS MAINLY IRON AND MANGANESE ORE).

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NOTE BY OC/ T: IO TREAT THIS COPY AS ORIGINAL.

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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DURBAN
GENEVA
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